



Board of Trustees  
**Audit, Operations Review, Compliance, and Ethics Committee Meeting**  
December 17, 2012  
President's Boardroom, Millican Hall, 3<sup>rd</sup> Floor

**MINUTES**

**CALL TO ORDER**

Trustee Jim Atchison, chair of the Audit, Operations Review, Compliance, and Ethics Committee, called the meeting to order at 8:30 a.m. via teleconference. Committee member Ida Cook was present. Committee member Harris Rosen attended via teleconference. Board of Trustee member Ray Gilley attended via teleconference.

**OLD BUSINESS**

Minutes

Atchison called for approval of the July 26, 2012, Audit, Operations Review, Compliance, and Ethics Committee meeting minutes, which were approved as written.

**NEW BUSINESS**

Direct Support Organizations' Audit Results

Amy Voelker, Director of University Audit, provided the results of the Direct Support Organizations' (DSO) external audits of the financial statements for fiscal year 2011-12. All of the DSOs had unqualified opinions and no incidents of non-compliance or significant internal control deficits. Athletics had two minor internal control issues, and both have been rectified.

External Audit Activities

Voelker reported on the status of the Auditor General's audit reports and the outcome of a construction audit.

The Auditor General will send three reports to the trustees. The first is the 2011-12 audited financial statements of the university. The preliminary findings were presented to the Finance and Facilities Committee in October, and the final report is expected in the spring. The second report is the 2011-12 federal financial audit report with two findings. The first recommendation is for Student Financial Assistance to address minor technology-access issues. The other recommendation concerns an impasse with the Auditor General on the issue of the federal guidelines for cost-accounting standards on federal grants. The federal Department of Health and

Human Services agrees with the methodology the university uses, but the Auditor General does not. University Audit awaits further federal guidance.

#### Construction Audit

Voelker discussed the need for a construction audit, and Lee Kernek, Associate Vice President for Administration and Finance, outlined the results of the audit. The firm of McGladrey and Pullen was retained to provide an audit for two projects: the Burnett Biomedical Building and Parking Garage VI. The firm was also asked to review other areas of savings, including cost avoidance measures and contract changes. Kernek detailed the Quantified Actual Savings and Recovery Chart, and she confirmed that all projects are scrutinized by her office for expenses.

#### University Compliance, Ethics, and Risk Management Program update

Rhonda Bishop, Chief Compliance and Ethics Officer, provided an update on the University Compliance, Ethics, and Risk Management program. She introduced Mr. James Jacobs, the new Director of Compliance and Risk Management, who will assist in the development of the compliance program and the enterprise risk management program.

Bishop updated the committee on an off-site review by the U.S. Department of Education on the university's compliance with the Clery Act. The completion of the review by the Department of Education is delayed due to the Penn State investigation, and a report may not be provided for one to two years.

#### Athletic Compliance Program

Bishop reported on improvements to the athletics compliance office, which is now staffed with five full-time employees and one part-time employee. The implementation of compliance monitoring software is complete, and all coaches and staff members are trained.

In September, the preliminary compliance report, statistical report, and financial penalty report were submitted to the NCAA as required. The annual compliance report is due January 15, 2013, and will be due each year on January 15<sup>th</sup> until the end of the probation period in February 2017. The report documents the athletics compliance program, the status of compliance with NCAA sanctions, and improvements to the program.

#### Protection of Vulnerable Persons

Bishop discussed the new state requirement for university administrators and police to report child abuse occurring on campus or at university-sponsored events. She also detailed the efforts of the University Compliance and Ethics Office and the General Counsel's Office to develop training for this requirement. The Florida Board of Governors regulation 3.002 Penalties for Failure to Report Child Abuse, approved by the board in November, defines penalties and identifies those university personnel who are obligated to report violations of the law.

Chair Atchison adjourned the Audit, Operations Review, Compliance, and Ethics Committee meeting at 9:08 a.m.

Respectfully submitted: \_\_\_\_\_

Amy Voelker  
Chief Audit Executive

\_\_\_\_\_  
Date

Respectfully submitted: \_\_\_\_\_

Rhonda L. Bishop  
Chief Compliance and Ethics Officer

\_\_\_\_\_  
Date